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5 ways Amazon and Alibaba use AI and data mining to increase e-commerce sales

MANUJ AGGARWAL | October 4, 2021 | 1936 views | Read Time : 02:50 min

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Implementing a marketing mechanism that generates leads and brings in sales is the biggest challenge e-commerce businesses face.

However, Amazon and Alibaba, two e-commerce giants seem comfortable in this aspect.

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They are doing something different.

Amazon and Alibaba invest heavily in research and development. Amazon spent $42.7 billion in 2020 on **"technology and content."** (https://d18rn0p25nwr6d.cloudfront.net/CIK-0001018724/336d8745-ea82-40a5-9acc-1a89df23d0f3.pdf) Alibaba spends $8,736 in R&D in 2021.

Alibaba's Tmall Innovation Centre (TMIC) started mining the data of over 600 million users, from its Tmall B2C e-commerce marketplace in 2017. (**Atom Thought** (http://atomthought.com/how-alibaba-uses-data-to-revolutionise-e-commerce-retail/))

The AI exploits of these two e-commerce multinationals cannot be overemphasized.

Being a senior software engineer turned management consultant, I can attest to the fact that the majority of e-commerce startups launch and vanish partly because they set out with a vision based on the success of Amazon, Alibaba and eBay.

Most e-commerce startups may not basically just want to take over the world per say but to at least control their local markets. Which is not a bad idea.

Nonetheless, it remains very difficult to get more customers but Amazon and Alibaba make it seem simple. Why and how?

5 practical ways Amazon and Alibaba use AI and data mining to increase sales.

1: Product recommendation

Alibaba and Amazon both use AI and data mining to do effective product recommendations to consumers. Alibaba has developed a software called "E-commerce Brain," which uses real-time online data to predict consumer wants, and the models are constantly updated for each individual through AI to take into account purchase history, browsing history and online activities.

In fact, a team of professors from the University of Toronto notes in a Harvard Business Review that given additional data (such as that provided by Amazon's purchase of Whole Foods), the company could eventually become so accurate that it could someday turn a profit by shipping people items it predicts they will need.

This product recommendation makes buyers interactions on their ecommerce platform intuitive and seductive to stay.

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2: They use AI to shorten consumers shopping time

AI technologies such as voice and visual search are growing powerfully and most ecommerce giants are making good use of it to shorten consumer shopping time. I enjoy using Amazon's Alexa on my iPhone 11 pro as it recommends a product or answers a query after a voice search.

The fact that voice search and other sophisticated technologies can predict buyer intent is simply fascinating and that is why they keep acquiring more customers every day.

3: AI, data mining helps with smarter pricing

This is very logical. As a small ecommerce owner, you will definitely face the challenge of formulating your pricing policy that can win the heart of consumers out there. You may have to do the research yourself or pay expert business developers to that. However Amazon and Alibaba don't do all that.

They deploy intelligent services by way of AI and data mining to source different types of products worldwide, compare their prices and come up with the best price among all. This makes their platforms a one stop and reference to all online buying and selling businesses as far pricing is concerned.

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4: Amazon and Alibaba use algorithms to manage supply chain

I don't find it funny to go to an online store, order a product that is said to arrive in 3 days and it ends up arriving in one week. To me it is a red flag on the supply chain process of the online store. With this in mind, Amazon and Alibaba have figured this out by integrating AI in their supply chain which predicts the logistics, delivery date, stock levels per purchase.

Amazon even uses drones for quick delivery. Alibaba is equally exploring the development of a smart supply chain in China through its Ali Smart Supply Chain (ASSC) platform, which predicts volatile buyer trends so sellers can focus on improving their product, inventory and delivery operations. All these make the buyer's shopping experience seamless and enticing.

5: They use AI and data mining to build brand loyalty with consumers

A combination of a seamless buyer's journey, consumer intent prediction, best pricing, smart supply chain, attractive UI/UX coupled with industry experience and brand reputation gives

Amazon, Alibaba and other e-commerce giants a big edge over others in the customer acquisition.

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In all,

The power of AI and related technologies like big data, block chain and machine learning cannot be overemphasized these days. Whether you are running a small scale or a large scale business, exploiting the advantages around these technologies is paramount. There are thousands of companies out there that can see you through with the **implementation** (https://tetranoodle.com/) of these technologies.

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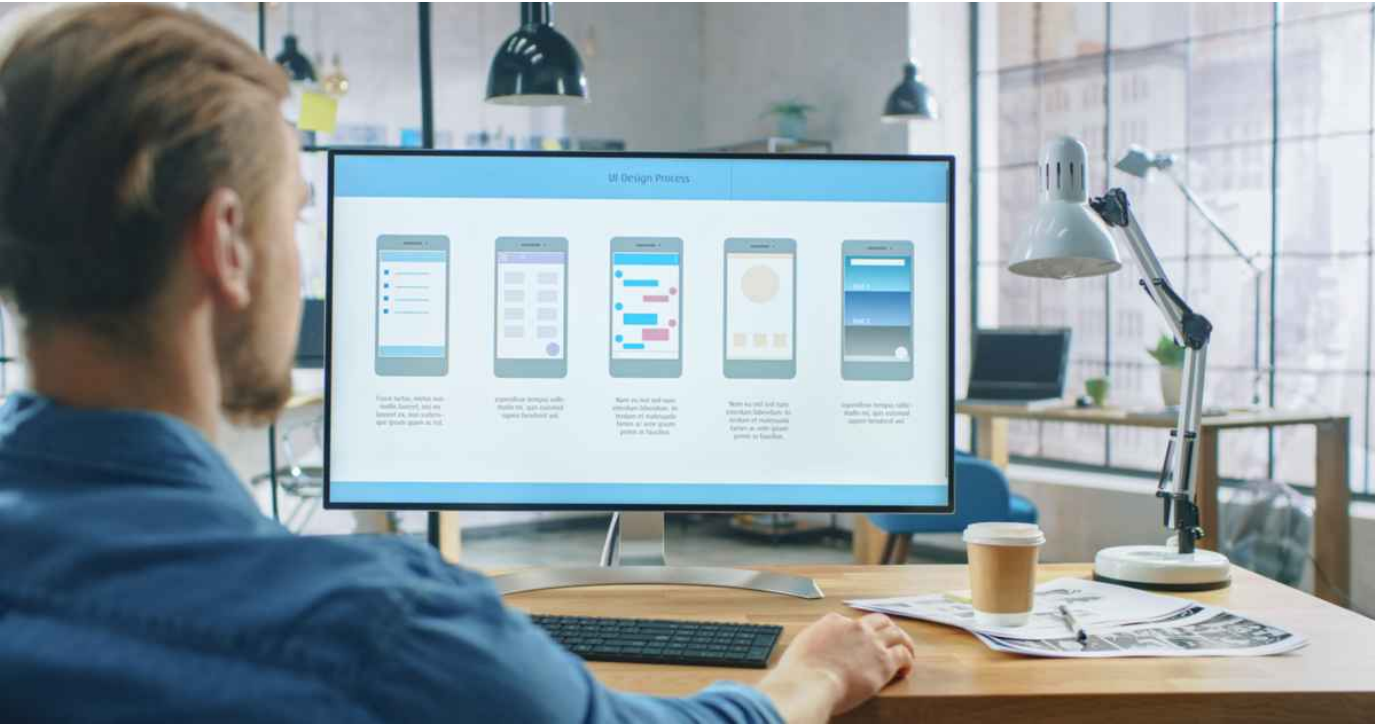
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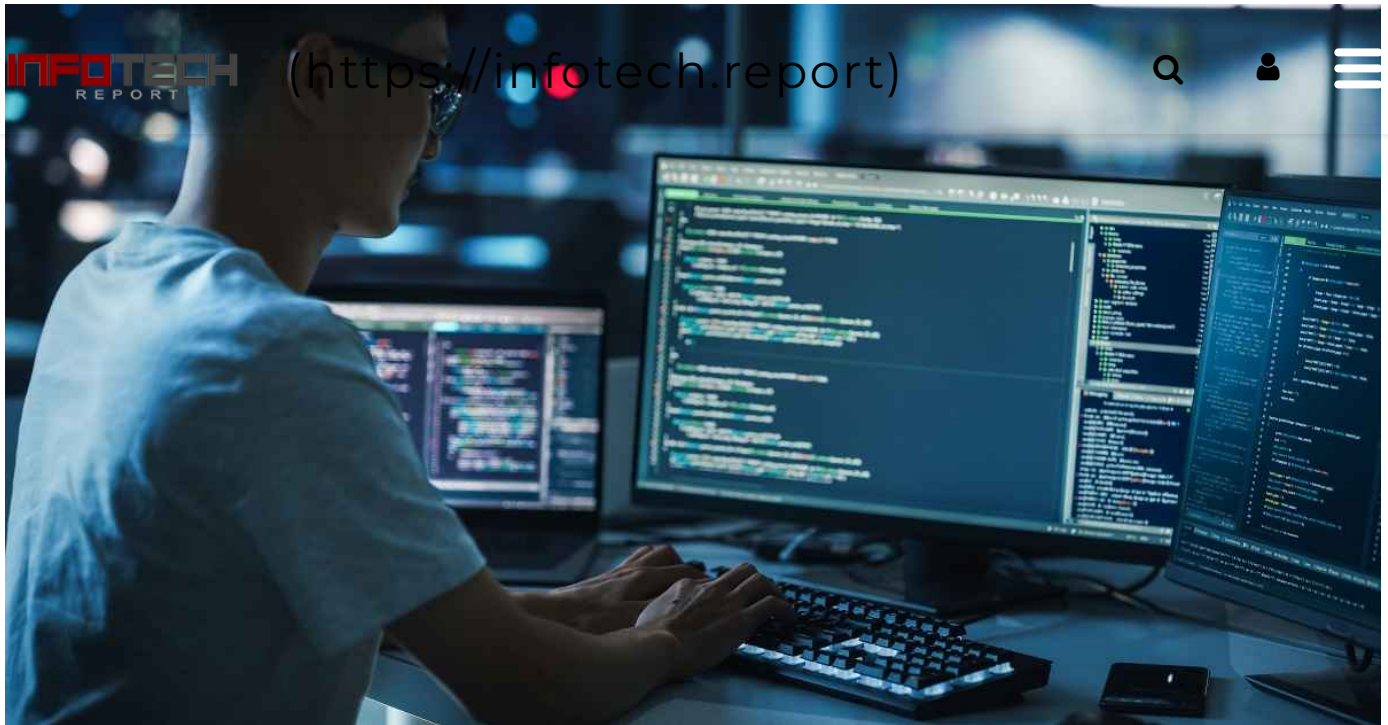
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Globenewswire | August 18, 2023

QuestionPro, a global leader in online survey and research services has launched a new version of its 360 development platform to help companies more effectively run their 360s and develop their leaders. Because 360-degree feedback has high visibility inside of the company, particularly with executives and high potentials, QuestionPro made sure that the technology is highly customizable and agile, with upwards of 20 configuration settings on how organizations c...

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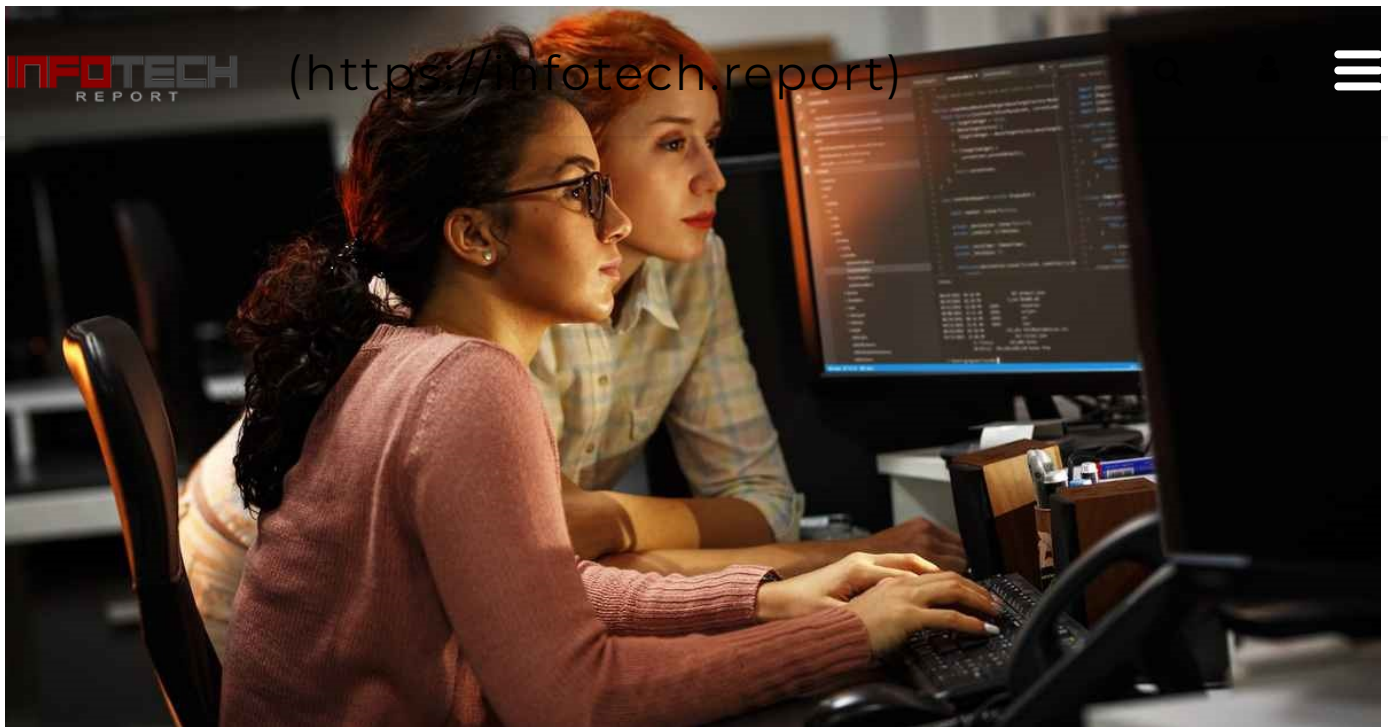
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